



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 11, 1999

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JAMES A. PEHRKON
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: REFERRALS FROM THE AUDIT OF DOLE FOR PRESIDENT, INC.

Similarly, the issue of the RNC Media program is included. In that case the Commission specifically did not make a determination whether any of the cost of the program would be considered an in-kind contribution to Dole for President, Inc. from the RNC. Here again the same issue is the subject of ongoing MURs, #'s 4553 and 4671.

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RNC MEDIA

The RNC sponsored a television advertising program in the spring and summer of 1996. It was argued by DFP and the RNC that the ads featuring Senator Dole and/or President Clinton were alleged "issue ads".

The Staff recommended the Commission determine that the cost of producing and broadcasting the ads be allocated between DK and DFP and that the portion attributed to DFP, \$5,588,900, represented a contribution in-kind from the RNC to DFP. It was also recommended that it be determined this in-kind contribution was attributable to DFP's spending limitation.

In considering the Staff recommendation, the Commission took the following actions:

It disagreed with the allocation of the expenditures between DFP and DK. The Commission's action caused all of the media expenses to be attributed to DFP. Accordingly, the total amount spent by the RNC for media that the Staff concluded represented a contribution to DFP was increased to \$18,553,619. See Section III.A. of Report of the Audit Division on Dole/Kemp '96, Inc. and Dole/Kemp '96 Compliance Committee, Inc.

A motion that the Commission determine in general that it will make no repayment determinations based on alleged overall excessive spending by candidates receiving presidential matching funds, failed by a vote of 3 to 2, with 1 abstention.

By a motion adopted on a 6-0 vote, the Commission rejected the Staff recommendation for a matching fund repayment related to the \$18,553,619 in the media expenses. The repayment would have resulted from the media expenses being added to expenditures subject to the spending limitation, and the exceeding of that limitation.

By a motion adopted on a 6-0 vote, the Commission directed the Audit Division to revise the portion of the report relating to party ads to clarify that the Commission has not reached any conclusion regarding the Staff's in-kind contribution analysis and to indicate that Commissioners may submit statements for the record.

The Commission directed that the media expenses discussed above not be considered when the matching fund repayment ratio was determined.